



U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Memorandum

Subject: **INFORMATION:** Audit Announcement—
City of San Francisco's Use of
Federal Transit Funds
Federal Transit Administration
Project No. 08A3008A000

Date: March 19, 2008

From: *Lou E. Dixon*
Lou E. Dixon
Assistant Inspector General
for Aviation and Special Program Audits

Reply to
Attn. of: JA-10

To: Deputy Federal Transit Administrator

The San Francisco Municipal Railway (Muni) is the city's public transit agency. Muni receives grants from the Federal Transit Administration and expended \$71 million and \$68 million of Federal grant funds in fiscal year 2005 and 2006, respectively.

In a letter dated January 31, 2008, Senator Tom Coburn—Ranking Member of the Senate Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security—requested that we review the San Francisco city government's use of Federal transit funds appropriated for Muni. Specifically, Senator Coburn asked that we determine if the city is using those funds for unauthorized purposes, including directly paying for lobbying activities or replacing city transportation funds diverted for lobbying activities.

Senator Coburn raised his concerns following a recent report that the mayor's office is improperly using Federal funds for the city's lobbying activities, among other things. Federal regulations strictly prohibit the use of Federal funds for such activities.

We will conduct the review at the Federal Transit Administration regional office in San Francisco, California, and at selected San Francisco city and county government offices. We plan to begin the audit the week of March 24, 2008, and will contact your audit liaison to schedule an entrance conference.

If you have any questions or require additional information, please contact Scott Macey, Program Director, at (415) 744-0434 or Stephen Jones, Project Manager, at (415) 744-0425.

#

cc: Robert Owens, TBP-2
Martin Gertel, M-1